

KEY EVENTS

January

PJSC RusHydro was included in the new UK index in the field of sustainable development FTSE4Good Emerging Index. This indicator serves as a guide for investors interested in acquiring shares of companies that meet high standards in the field of environment, social responsibility, and corporate governance.

A separate section for the Group is available on the Unified electronic trading platform "Roseltorg", where most of the Group's procurement takes place. RusHydro's cooperation with the largest electronic trading operator for government customers and commercial enterprises is an important step in improving procurement efficiency.

February

PJSC RusHydro published results of the Comprehensive Modernisation Programme for the five-year period of 2012-2016. Due to installation of more efficient equipment, the total capacity of the RusHydro HPPs increased by 267 MW after replacing 39 hydroturbines, 23 hydrogenerators, 41 transformers, more than 6,000 units of auxiliary and electrical equipment.

March

PJSC RusHydro and VTB Bank (PJSC) carried out a unique-to-the-Russian-stock market transaction to acquire 55 billion ordinary shares of PJSC RusHydro, approximately 13% of the Company's share capital, and conclusion of a 5-year non-deliverable forward contract in respect of these shares. Upon settlement, RusHydro received 55 billion rubles in full to repay the debt of RAO ES East Subgroup.

April

Management of the controlled entities of JSC RAO ES East was integrated with the executive office of PJSC RusHydro creating a synergy effect through reduction of management levels in RusHydro Group and centralisation of similar functions in a single management office.

International rating agency S&P Global Ratings raised the long-term credit rating of PJSC RusHydro on international and national scales to the sovereign level of "BB+" and to the level of "ruAA+" respectively. S&P experts recognized the Group's strong operational results and systematic improvement of the Company's financial performance in 2016.

May

PJSC RusHydro completed the placement of an additional issue of 40 billion shares held for a deal with VTB Bank (PJSC). Following the additional issue, VTB Bank (PJSC) received approximately 9.4 % of the Company's shares. At the same time VTB Bank (PJSC) additionally acquired 3.5% of the Company's treasury shares.

June

The Annual General Meeting of Shareholders of PJSC RusHydro approved record dividends in the Company's history. The total amount of dividend payments amounted to more than RUB 19.9 bn, almost RUB 5 bn more than last year's payments. The dividend per share increased 20%.

July

The Resolution of the Government of the Russian Federation on equalising tariffs for electricity in the Far East to the average Russian level came into effect by introducing a premium to the price for capacity in the price zones. PJSC RusHydro was appointed as the recipient of a premium to the price for capacity, which is then transferred to the budgets of respective regions of the Far Eastern Federal District.

PJSC RusHydro conducted public hearings in the form of an open dialogue between the Company's management and representatives of stakeholders (stakeholders) on Corporate Social Responsibility and Sustainable Development Report for 2016.

Within the framework of the Development Programme of RusHydro Group's sales activities for 2017-2019, the authority of the sole executive body of PJSC DEK was transferred to the managing organisation of JSC ESK RusHydro.

August

A formal ceremony of commissioning the first three hydroelectric units of Nizhne-Bureyskaya HPP was held. In addition to generating electricity, the station performs the functions of equalising the uneven water discharges of Bureyskaya HPP during the day and protecting settlements from flooding. The estimated installed capacity of 4 hydroelectric units of the station is 320 MW.

The Board of Directors of PJSC RusHydro approved preliminary results on the Company's participation in the Taishet aluminium smelter completion project.

September

International rating agency Moody's raised the long-term credit rating of PJSC RusHydro on the international scale to the sovereign level of Ba1 ("Stable" outlook). The basis for improving the rating was the systematic improvement of financial and economic indicators, reduction in the debt burden, high liquidity level and government support.

RusHydro successfully placed ruble-denominated Eurobonds in the amount of RUB 20 bn with a maturity of 5 years and coupon rate of 8.125% per annum. Asian investors bought 40% of the issue. Placement and listing of Eurobonds took place on the Irish Stock Exchange.

PJSC RusHydro joined the UN Global Compact, the largest business initiative in the field of sustainable development. The company committed to uphold the Treaty, and to follow United Nations' ten principles in the field of human rights, labour relations, environmental protection, anti-corruption, and sustainable development by 2030.

During the Eastern Economic Forum-2017, the Company's management reached an agreement on cooperation with a number of partners. The Company has signed a number of agreements, including with the governments of the Magadan Region, the Chukotka Autonomous Region, the Kamchatka Territory, the Republic of Sakha (Yakutia), as well as with Japanese partners, such as the Japanese government organisation NEDO and Kawasaki Heavy Industries. Additionally, the Group has signed an agreement on strategic cooperation with ALROSA.

In Yakutia, the Group commissioned solar power stations in the villages of Sebyan-Kuel, Orto-Balagan and Kystatyam. New sources of energy partially substitute production of expensive diesel generation. A station with capacity of 50 kW saves approximately 15 tonnes of diesel fuel per year.

RusHydro has set sustainable development targets for the period until 2020. During the process, the Company took into consideration the main provisions of the Strategy of Ecological Safety of the Russian Federation until 2025, as well as the Concept of the Russian Federation's transition to sustainable development.

October

ACRA assigned RusHydro a national scale credit rating of the highest reliability level "AAA (Ru)" ("Stable" outlook). PJSC RusHydro was the first company in power generation sector to receive such a rating.

The Board of Directors of PJSC RusHydro approved the PJSC Value Growth Plan for the period up to 2021. The plan's ultimate goal is to increase investment attractiveness of the Group's shares and maximise the Company's fundamental and market value by setting conditions for further sustained growth.

RusHydro organised public hearings on the Group's updated Environmental Policy. Representatives of the environmental community, expert and scientific organisations and business community supported the Group's policy to improve its environmental policy and praised the open nature of the company's public dialogue.

November

PJSC RusHydro commissioned the first stage of the Yakutskaya GRES-2 with capacity of 193 MW, thermal power of 469 Gcal/h (inclusive of the peak water-heating boiler-house). It is the most powerful thermal power plant built in the Russian Far East in the post-Soviet period and the second completed project (out of four priority projects) for construction of new power facilities in the Far East, built by RusHydro in accordance with RF Decree No. 1564 of November 22, 2012.

RusHydro completed the comprehensive restoration of the Sayano-Shushenskaya HPP. The majority of the work took place in 2014 with the launch of the tenth hydroelectric unit that brought the station to its design capacity of 6,400 MW. The facility's reconstruction was brought to a conclusion in 2017 with the signing of all necessary documents. The power generation of the HPP by the end of 2017 amounted to 22 billion kWh, which corresponds to the facility's projected level.

December

The construction of the Boguchanskaya HPP was completed. At full capacity of 2,997 MW, the station was commissioned in 2014, becoming the fifth largest hydroelectric power station in Russia. On the crest of the dam, RusHydro built a two-lane road, designed for travel of 2,000 cars per day that connects the banks of the Angara river. Commissioning of the road concludes the 40-year-plus history of construction of Boguchanskaya HPP.

Within the framework of the Comprehensive Modernisation Programme, ten hydroelectric units with a total capacity of 956 MW were updated at six hydroelectric power stations. Three hydroturbines were replaced at the Zhigulevskaya HPP, two hydroelectric units were replaced at the Volzhskaya HPP, and one hydro turbine was renewed at the Saratovskaya and Novosibirskaya HPPs. A new hydroelectric unit was commissioned at Votkinskaya HPP. The operating mode of the turbines was changed at Cheboksarskaya HPP as well.

RusHydro summarized its operational results. Electricity production of RusHydro Group along with the Boguchanskaya HPP in 2017 reached a historic record of 140.28 bn kWh, which is 1.1% more than in 2016. The installed capacity of the Group's power plants and Boguchanskaya HPP for the first time exceeded 39.04 GW. The installed heat capacity of the Group increased to 18.5 thousand Gcal/h.

The Board of Directors of PJSC RusHydro approved the Investment Programme of PJSC RusHydro for 2018 and took note of the investment plan for the medium term until 2022. The investment programme of PJSC RusHydro for 2018-2022 provides for financing of measures for technical rehabilitation and modernisation (TR&M) of operating generation facilities aimed at improving the safety and technical reliability of production equipment. Within the framework of the implementation of the TP&M programme, an additional 174.5 MW of capacity will be provided within 5 years without the construction of new generation facilities.

Events after reporting date

January

PJSC RusHydro is among the three most transparent companies in the electric power industry, according to Transparency International. In the course of the study, experts assessed the openness of the commercial sector in Russia, the overall level of transparency and public accountability of Russian companies, most of which are on the list of backbone enterprises of the Russian Federation.

February

RusHydro was the first Russian issuer to place 3-year ruble Eurobonds in 2018. The company raised RUB 20 bn at the lowest rate in the Russian market - 7.4% per annum. The total amount of bids received for the purchase of bonds was 4 times higher than the volume required by the company. Approximately 2/3 of the issue were bought by foreign investors.

The international rating agency S&P upgraded the long-term credit rating of PJSC RusHydro to the investment grade BBB- ("Stable" outlook). The Company's short-term credit rating was upgraded to A-3. Analysts of S&P evaluated the high level of state support of the Company in conjunction with strong indicators of the independent creditworthiness of PJSC RusHydro.

The financial debt of RusHydro Group decreased by RUB 26 bn following exclusion of obligations under the guarantee of PJSC RusHydro to Vnesheconombank under the loan agreement of PJSC Boguchanskaya HPP concluded with the bank in 2010.

PJSC RusHydro signed an agreement with Japanese companies on construction in the Arctic village of Tiksi, the Republic of Sakha (Yakutia), a unique wind farm for the Russian Federation. The complex will include wind power plants and diesel generators with a total capacity of 3.9 MW, as well as an energy storage system and an automated control system.

March

The Group converted Anadyrskaya CHPP with installed capacity of 50 MW to natural gas reducing emissions and accumulation of ash from coal combustion. The facility's efficiency improved as well as reliability of power supply for Anadyr's population.

On the Day of Water RusHydro held more than 40 sports and environmental education activities in the regions of presence. The World Day of Water is celebrated annually by the decision of the UN General Assembly to draw public attention to the problem of preserving and improving the quality and quantity of fresh water.

April

The Board of Directors of PJSC RusHydro has approved a report on the Business plan execution for 2017, including reports on the implementation of the investment programme (including the programme for the comprehensive modernization of generating facilities) and the annual comprehensive procurement programme.